GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3214
ANSWERED ON:07.08.2015
Independent Directors
Chandel Kunwar Pushpendra Singh

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether the posts of independent directors in boards of Public Sector Undertaking (PSUs) have reportedly filled by ex-bureaucrats/ex-PSU executive officers not having requisite qualification and experience in the country during each of the last three years and the current year;

(b) if so, the details thereof and the reasons therefor; and

(c) the corrective steps taken/being taken by the Government in this regard?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)
???????? ????? ?????? (???? ???? ?????)

(a) to (c) :- The Boards of Central Public Sector Enterprises (CPSEs) comprise of functional, Government and non-official Directors. The proposals for appointment of non-official Directors on the Boards of CPSEs are initiated by the concerned Administrative Ministries/Departments by recommending names of at least 3 eligible persons for each position proposed to be filled. The selection of non-official Directors in respect of all CPSEs is made by the Search Committee which presently consists of Secretary (DoPT) as chairperson, Secretary (DPE), Secretary of the administrative Ministry/Department of the CPSE and 2 non-official Members. The concerned Administrative Ministry/Department appoints the non-official Directors on the basis of recommendations of Search Committee after obtaining the approval of competent authority.

The Government has laid down the criteria in terms of educational qualifications, age and experience for persons to be considered for appointment as non-official Directors on the Boards of CPSEs.

During the last three years (2012, 2013 and 2014) and the current year (2015), Search Committee has recommended names of around 516 persons for filling up around 457 positions of non-official Directors in around 212 CPSEs which includes names of around 172 ex-Government Servants, around 136 ex-CMDs/Directors of CPSEs, around 87 Professors/Academicians and around 114 Professionals.

The Criteria for selection / appointment of non-official Directors on the Boards of CPSEs as laid down by the Government are as under;
(A) Criteria of Experience
(i) Retired Government officials with a minimum of 10 years experience at Joint Secretary level or above.
(ii) Persons who have retired as CMD/CEOs of CPSEs and Functional Directors of Schedule 'A' CPSEs. The ex-Chief Executives and ex-Functional Directors of the CPSEs will not be considered for appointment as non-official Director on the Board of the CPSE from which they retire. Serving Chief Executives/Directors of CPSEs will not be eligible to be considered for appointment as non-official Directors on the Boards of any CPSEs.
(iii) Academicians/Directors of Institutes/Heads of Department and Professors having more than 10 years teaching or research experience in the relevant domain e.g. management, finance, marketing, technology, human resources or law.
(iv) Professionals of repute having more than 15 years of relevant domain experience in fields relevant to the company's area of operation.
(v) Former CEOs of private companies if the company is (a) listed on the Stock Exchanges or (b) unlisted but profit making and having an annual turnover of at least Rs.250 crore.
(vi) Persons of eminence with proven track record from Industry, Business or Agriculture or Management.
(vii) Serving CEOs and Directors of private companies listed on the Stock Exchanges may also be considered for appointment as part-time non-official Directors on the Boards of CPSEs in exceptional circumstances.

(B) Criteria of Educational Qualification
Minimum graduate degree from a recognized university.
(C) Criteria of Age
The age band should be between 45-65 years (minimum/maximum limit). This could however, be relaxed for eminent professionals, for reasons to be recorded, being limited to 70 years.

(D) Reappointment
The non-official Directors, will not be re-appointed in the same CPSE after completing a maximum of two tenures, each tenure being

for a period of three years.

(E) Appointment in number of CPSEs at the same time
One person will not be appointed as non-official Director on the Boards of more than three CPSEs at the same time.

(F) Directorship in private companies
A person being considered for appointment as non-official Director on the Board of CPSEs should not hold directorship in more than 10 private companies.

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